Bill No.: SB-1131
Title: AN ACT CONCERNING THE AMBULATORY SURGICAL CENTERS TAX.
Vote Date: 5/1/2019
Vote Action: Joint Favorable
PH Date: 4/29/2019

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SPONSORS OF BILL:
Finance, Revenue & Bonding Committee

REASONS FOR BILL:
To continue to allow Ambulatory Surgery Centers to provide high-quality, cost effective care to patients throughout Connecticut. Currently ASC’s are taxed both as a small business and as a health-care provider without enjoying the benefits of either category. This proposal starts to address these inequities and also allows the state to benefit from the saving.

Specifically this proposal changes the ambulatory surgical center (ASC) tax by (1) limiting the tax base to an ASC’s net revenue from ASC services, rather than its gross receipts, and (2) establishing a credit against the tax for a portion of the ASC’s Medicaid payments.

The bill also requires the Department of Social Services (DSS) commissioner, before July 15, 2019, and annually thereafter, to seek approval from the Centers for Medicare and Medicaid (CMS) to exempt from the ASC tax the first $1 million of net revenue and the Medicaid and Medicare payments an ASC receives during the fiscal year. The bill requires each ASC to provide the DSS commissioner with certain information to allow him to make the calculations necessary for the annual waiver request.

RESPONSE FROM ADMINISTRATION/AGENCY:
None expressed

NATURE AND SOURCES OF SUPPORT:

American Society for Dermatologic Surgery Association testified in support of the bill stating that it will put an end to the tax on ambulatory surgery centers (ASCs) and will support the role of these outpatient facilities in containing health care costs while providing quality
patient care. ASCs are physician practices and contribute in a positive manner to the state economy. Without this legislation, $15 million is removed in capital that could otherwise be invested in the medical sector, including new technologies which would only enhance patient care for the citizens of Connecticut.

Pat Armstrong, VP of Operations, Southington Surgery Center
Steven Bessette, Administrator, Middlesex Endoscopy Center, LLC
Mauro Cecchetti, Administrator, Stamford Ambulatory Surgical Center
Coastal Digestive Care Center, LLC
Mariam Hakim Zargar, MD, MPH, CT Orthopaedic Society
Digestive Disease Associates
Lynn Halkowicz, BSN, RN – NEMG Endoscopy Center, Trumbull CT
Faith S Kycia, Administrator – Surgery Center of Fairfield County
Melisa Lerner, Director of Operations – Glastonbury Endoscopy Center
Robin Mangieri, CEO – Reproductive Medical Associates
Paul Schaefer, M.D., Medical Director – MCAOS
Richard Searles, Member Manager – Orthopaedic Specialty Surgery Center & Specialty Service Center of CT & Waterbury Surgery Center
Meaghan Sengle, Director of Nursing/Administrator – Central CT Endoscopy Ctr.
Dave Shipley, MHA, Administrator – Norwalk Surgery Center
Kim Ullman, Business Office Manager – CTGI Endoscopy Center
Cristine Urbanak, MS, RN, Administrator – North Haven Surgery Center
Bill Wollman, Executive Director – Evergreen Endoscopy Center, LLC

The above testified that ambulatory surgery centers save patients millions of dollars each year through lower co-pays and lower deductibles while providing a high level of care. They state that the 6% gross receipts tax (only 4 states tax ASCs) is the highest tax in the nation and it’s “above the line tax” translates to an effective tax rate of 30%. It negates their ability to deduct normal expenses before taxes unlike hospitals and similar tax-exempt entities. ASCs pay a wide range of taxes such as income tax, sales tax, property tax and more. The above testifiers feel that ASC’s are taxed as both a small business and as a health care provider. They feel that by maintaining the $1 million exemption through a waiver process, the Medicare and Medicaid exemption, and exploring other options for relief the process of stabilizing the industry can begin spurring further investment and economic growth in Connecticut.


The above testified in support of the bill. They stated that ASCs perform roughly 200,000 medical procedures in Connecticut each year giving doctors greater control over the surgical experience than in a hospital. The facilities are highly regulated by the state and federal government and save Connecticut patients millions of dollars each year through lower co-pays and lower deductibles. They state that the current ASC tax cripples centers by removing $15 million in capital each year that would otherwise have been reinvested in staffing and cutting-edge medical technology. It also serves a barrier to recruiting physicians, especially those who prefer to work in the small entrepreneurial environment of an ASC.
Amanda Gunthel, Wilton Surgery Center and President of the Connecticut Association of Ambulatory Surgery Centers

Ms. Gunthel testified in support of the bill and the role ASCs play in providing high-quality care at a fraction of the cost of other providers. As an example, Medicare reimburses surgery centers 50% less than what they pay hospitals for the exact same procedure, under the same regulatory requirements. The bill creates a new deduction from the tax for Medicaid revenue as an added incentive. She notes that this is critical as they continue to treat Medicaid patients under the increased burden of the ASC tax. She also stated that the savings are substantial by having procedures performed at ASCs, magnifying the importance of savings for Connecticut patients.

NATURE AND SOURCES OF OPPOSITION:

None expressed

Reported by: Dawn Silveira  Date: 5/7/19